

CALIFORNIA ENERGY COMMISSION

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September 17, 2002



**SUMMARY OF THE AUGUST 14 AND AUGUST 26, 2002, INLAND EMPIRE
ENERGY CENTER PRELIMINARY STAFF ASSESSMENT (PSA) WORKSHOPS –
SITING CASE 01-AFC-17**

Dear Workshop Participants:

Enclosed is Energy Commission staff's summary of the Inland Empire Energy Center Project PSA workshops. The August 14, 2002, workshop focused on issues associated with biological resources, land use, and visual resources. The August 26, 2002, workshop focused on issues associated with air quality, hazardous materials, public health, and traffic and transportation. Both workshops were held at the Eastern Municipal Water District in Perris, California.

The primary purposes of the workshops were to provide staff with the opportunity to present their analysis, obtain feedback, and discuss any unresolved issues with the applicant (Inland Empire Energy Center, LLC), intervenor (Romoland School District), and the general public.

The public was given the opportunity to provide both verbal and written comments. Written comments received from Betty McCollum are noted on pages 8 and 9 of this report.

This summary is an informal record of the discussions that took place. It has been distributed to all project staff and to all other participants identified on the participant list attached to the summary. The summary provides the meeting participants with the opportunity to correct information that was misunderstood in the hope of having good communication and an efficient process. If you would like to make any changes or additions to the summary, please send them to me in writing. I will see that they are placed in the project file and that the appropriate staff and other meeting participants receive them. Please call me at (916) 651-8839 if you have any questions.

Sincerely,

James A. Bartridge
Siting Project Manager

Enclosure

cc: Proof of Service

INLAND EMPIRE ENERGY CENTER PROJECT
01-AFC-17
AUGUST 14 AND AUGUST 26, 2002
PSA WORKSHOP SUMMARY

INTRODUCTION

The Energy Commission's staff project manager for the Inland Empire Energy Center Project siting case, Jim Bartridge, opened the August 14, 2002 workshop at 5:00 p.m. at the Eastern Municipal Water District, in Perris, California. Mr. Bartridge began by introducing parties and explaining that the purpose of the PSA workshops was to summarize staff's PSA analysis, discuss issues related to specific resource areas, and receive comments and feedback from the applicant, intervenors, and the public. Staff was present to discuss biological resources, land use, and visual resources. Later, Mr. Bartridge presented a brief summary of the remainder of PSA technical areas.

The August 26, 2002 workshop began at 4:00 p.m. at the same location noted above. Staff was present to represent air quality, hazardous materials, public health, and traffic and transportation. Mr. Bartridge again introduced the parties and explained the purpose of the PSA workshops.

The following summary is presented by workshop date and presentation order. A list of workshop participants is attached.

BIOLOGICAL RESOURCES

AUGUST 14, 2002

Energy Commission: Natasha Nelson and Sheri Koslowsky (by telephone).

The following summary of biological resource issues was presented at the workshop.

1. Impact to historical Stephen's kangaroo rat habitat will be mitigated through the payment of fees to an existing habitat conservation plan (HCP). The U.S. Fish and Wildlife Service (USFWS) and California Department of Fish and Game are in agreement that the HCP fee will mitigate potential impacts to this species to less than significant levels. Staff has determined through consultation with the County of Riverside that the HCP fee will be calculated based on the acreage and rate provided in the County's conditions for compliance with LORS submitted to the Energy Commission in March 2002.
2. The applicant will be required to pay an open space fee under County Ordinance No. 810. The open space fee funds the acquisition of open space and preservation of habitat for wildlife and is necessary to mitigate the direct and cumulative environmental effects generated by new development projects. Staff has determined through consultation with the County of Riverside that the open space fee will be calculated based on the HCP acreage at the rate assigned to industrial projects by Ordinance 810.

3. Staff reviewed the jurisdictional status of topographical depressions and bed and bank features that exist along the linear facilities. None of the depressions meet the requirements of jurisdictional wetlands or vernal pools. However, the bed and bank features do meet the requirements of jurisdictional waters of the U.S. and are therefore, subject to permit by the U.S. Army Corps of Engineers (USACE) and the Regional Water Quality Control Board. Wet and dry season sampling is inconclusive for demonstrating presence or absence of vernal pool fairy shrimp along the linear facilities. For this reason, the USACE has decided not to pursue consultation with the USFWS on this species. The USFWS has initially concluded that avoidance measures presented by the applicant in a draft response will be adequate to avoid incidental take. The applicant submitted a final plan for avoidance on September 6, 2002, incorporating the additional information requested at the workshop. Written USFWS concurrence on avoidance will be required as a condition of certification for the project, and also for issuance of the USACE permit.
4. Because of concerns expressed by USFWS about Southern California Edison (SCE) access to the new interconnect line that may affect potential vernal pool fairy shrimp habitat, staff is investigating the applicability of a third party agreement between SCE and the applicant to make the former subject to a condition of certification placed on Calpine regarding access.
5. The Federal Land Managers (FLMs) have submitted their comments to the Prevention of Significant Deterioration Permit Application. The FLMs believe that IEEC could meet a more stringent nitrogen oxide limit (i.e, hourly limit of 2.0 ppm vs. the 2.5 ppm rate proposed). They note several technical deficiencies with IEEC's Class I impact analyses and requested that IEEC address these concerns and provide the requested additional information. Staff will await final determinations from the FLMs before determining the level of impact to Class I Wilderness areas.

RESPONSES

Jenifer Morris, environmental project manager for Calpine, indicated concerns with specific language included in conditions BIO-10, BIO-12, and BIO-13, and clarified that future landscaping will not rely exclusively on native and drought tolerant species.

There were no additional comments from intervenors or the public.

LAND USE

AUGUST 14, 2002

Energy Commission: Negar Vahidi and Amanda Stennick.

Negar Vahidi presented a summary of land use findings and conclusions. Roland Skumawitz, Romoland School District (RSD) Superintendent, and Jeff Oderman, attorney for the RSD, questioned the PSA's conclusions that no significant impacts were found to the Ashby proposed school site. Staff explained that preclusion of the site was not a significant impact under CEQA. Staff inquired whether the Ashby site is realistic for the RSD given the existing industrial uses in the area, as well as timing and construction of the Ashby site. In addition, staff requested a copy of the RSD's Master

Plan for use in the analysis. The RSD expressed their concern with school site and classroom shortages, given the proposed residential construction in the area.

RESPONSES

Representatives of the RSD questioned the adequacy and accuracy of the PSA Land Use section, expressed concerns over the contents of PSA pages 4.5-19 through 4.5-21 and 4.5-24 and 4.5-25, indicated that a risk analysis study was being performed for the Romoland School, and noted that their comment letter would be forthcoming. RSD representatives expressed concerns that the PSA Land Use section speculates in contradictory fashion what the California Department of Education (CDE) would or would not approve, and that the loss of the Ashby site would cost the RSD \$1.8 million, as they would be forced to pay the costs of providing infrastructure to another site rather than a developer providing it as school impact fee mitigation. In addition, because the applicant did not fully respond to DR 178 prior to PSA publication, RSD representatives expressed concerns that the RSD was being punished in the PSA for a lack of information. Mike Hatfield, Calpine Project Manager, stated that Calpine and the RSD have been working together for several months, and that Calpine supports the RSD and looks forward to an open dialogue between the parties. Mr. Hatfield also noted that a thorough risk analysis was performed within the AFC. In addition, Mr. Hatfield noted that existing community documents support a plant at the proposed location and that the Riverside County Board of Supervisors supported the project with a majority vote.

There were no additional comments from the public.

VISUAL RESOURCES

AUGUST 14, 2002

Energy Commission: Michael Clayton and Will Walters

Michael Clayton presented a summary of visual resources findings and conclusions. Will Walters presented a draft of the Visible Plume analysis that had been completed since the PSA was published and that will be contained within the Visual Resources section of the Final Staff Assessment. In addition, Mr. Clayton expressed concerns with the applicant's proposed landscaping plan and the ability to achieve effective project screening within a five-year time period as required by condition VIS-3. To facilitate further discussion and work through open visual issues, several maps representing view areas and key observation points (KOPs), as well as visual simulations, were placed at the center of the room.

RESPONSES

Jason Priestly, visual resources consultant to the applicant, noted that all tree species chosen for the landscaping plan were selected from the Menifee North Specific Plan (MNSP), including Honey Locust and Eucalyptus. Mr. Priestly also noted that previous estimates of full species height were conservative, and asked how full project screening could be obtained within five years based on biology. Mr. Clayton asked which other fast growing species were listed in the MNSP, and suggested that the applicant should focus their efforts on species with faster growth rates. In addition, staff suggested that bringing vegetation closer to the viewer would intersect a viewer's visual sight lines sooner, and therefore the applicant should explore possibilities of offsite locations for

vegetation clustering, additional landscaping along McLaughlin Road, and screening along the north side of the equipment yard. Jane Luckhardt asked if a condition could be added to the FSA to ensure that the applicant's proposed paint color would be satisfactory and not subject to change later. Mr. Clayton responded that the color should be logically based on the background of the local area, and that the applicant should provide a range of reasonable colors for staff to choose from.

There were no additional comments from the public or intervenors.

AIR QUALITY

AUGUST 26, 2002

Energy Commission: Brewster Birdsall

Brewster Birdsall presented the methodology of the PSA analysis and the outstanding issues. Topics of discussion included the origin of staff's recommended construction mitigation (AQ-C1 through AQ-C7), the ongoing need to clarify cooling tower mitigation (AQ-C13), the status of offsets acquired, concerns over the appropriate best available control technology (BACT) levels for emissions of NOx and CO, the local benefits of mitigation, and completeness of the PSA's environmental justice discussion. Both the applicant and the RSD stated that they would provide written comments on the PSA.

RESPONSES

Construction: Gary Rubenstein, air quality consultant for the applicant, agreed to recalculate construction impacts to fix deficiencies noted by staff in the PSA and to make the analysis consistent with that of other more-recent Calpine projects. In addition, Mr. Rubenstein suggested that construction mitigation should be similar to that of the recent Russell City case. Staff responded that more stringent construction control would likely still be necessary for IEEC because of the nearby school and potential EJ community. Staff will review the revised construction analysis in the FSA.

Cooling Tower: Mr. Rubenstein offered to work with staff to develop a specific cooling tower mitigation strategy for AQ-C13. Staff encouraged the applicant to offer PM10 or precursor reductions locally (possibly road paving or other neighboring facilities), which the applicant agreed to conceptually.

Offsets: Staff strongly cautioned against use of road paving credits to offset combustion-related PM10, noting that substantial time would be required to review whether road paving could mitigate the impacts seasonally, locally, and with health benefits that would offset the PM10/PM2.5 impacts. The applicant is still updating the offset package (especially for PM10). Kevin Kennedy, Energy Commission Siting Program Manager, asked whether the applicant anticipates use of the Priority Reserve program to obtain necessary emissions credits, and Calpine's position with respect to the Priority Reserve requirement for the project to come on-line within three years of permitting. Mr. Rubenstein noted that they are currently reviewing a number of options for obtaining necessary offsets, and are not ready to commit to a particular option as of yet.

BACT: John Yee, representing the South Coast Air Quality Management District (SCAQMD), acknowledged that SCAQMD shares the applicant's concerns that more stringent BACT levels than those contained in the PDOC have not yet been demonstrated in practice. Mr. Yee noted that SCAQMD had not yet received comments on the PDOC from the U.S. Environmental Protection Agency (EPA), and would consider any comments received on this and other issues from EPA in the preparation of the FDOC.

Local Benefits: RSD representatives asked if mitigation sources would be local, providing air quality benefits to the school and local community. Staff noted that offsets generally would improve background conditions, but that staff cannot tell if a local benefit would be actually provided by the applicant's PM10 mitigation plan because of uncertainty as to where PM10 reductions would occur. Hans Jireau, air quality consultant to the RSD, noted that SCAQMD's rules ignore other existing uses in the immediate area, and that the PSA does not offer a significant cumulative impacts analysis from these sources.

Environmental Justice: RSD representatives suggested that more detail on EJ should be provided in the FSA. Staff explained that although stringent and local mitigation is presently proposed for construction and residual operational impacts (i.e., the cooling tower), staff would review their specific recommendations submitted with their comments.

There were no additional comments from the public or intervenors.

TRAFFIC AND TRANSPORTATION

AUGUST 26, 2002

Energy Commission: Jim Adams

Jim Adams presented a summary of traffic and transportation findings and conclusions. Mr. Adams described the two-phase process of performing the analysis, which includes a review of the transportation setting of the local area from the IEEC AFC and other public documents (e.g. the Riverside County General Plan). The second phase involves an assessment of the direct, indirect and cumulative impacts of the construction and operation of the IEEC.

RESPONSES

The applicant expressed a number of concerns with conditions as proposed. The second bullet point of condition TRANS-6 requires the use of tarps on trucks to prevent materials from being blown onto the streets and adjacent lands. The applicant felt that this language was duplicative of Air Quality conditions and therefore unnecessary. Staff agreed to review the conditions and discuss the issue with Air Quality staff. In addition, condition TRANS-6 also defines the delivery route of hazardous materials (hazmat) to the project site and restricts such deliveries to periods when Romoland School is not in session. The applicant pointed out that the language of the condition was not consistent with the condition within Hazardous Materials section that also restricts hazmat deliveries. Dr. Greenberg pointed out that accident risk levels are increased during morning hours. Energy Commission transportation and hazardous materials

staff agreed to discuss this issue further and develop a consistent condition. Dave Pearson, Calpine's plant manager for the Otay Mesa facility, noted that deliveries of hazardous materials do not typically occur during periods of rain. Roland Skumawitz also expressed concerns with hazmat deliveries, and pointed out that school hours are typically between 7:30 and 5pm. In addition, Mr. Skumawitz expressed a desire to see streetlights installed at the intersection of Ethannac and Sherman streets. Finally, condition TRANS-8 requires paving a portion of Antelope Road prior to construction, then paving an additional portion upon completion of construction. The applicant suggested altering condition TRANS-8 to allow for the installation of project linears, whereby they would use gravel on the northern section of Antelope Road rather than pavement, then pave the entire length upon completion of construction. Staff agreed to consider the issue.

There were no additional comments from the public or intervenors.

PUBLIC HEALTH AND HAZARDOUS MATERIALS AUGUST 26, 2002

Energy Commission: Mike Ringer and Dr. Alvin Greenberg

Dr. Alvin Greenberg presented a summary of public health and hazardous materials findings and conclusions.

PUBLIC HEALTH RESPONSES

Gary Rubinstein commented that he agreed with proposed condition PUBLIC HEALTH-1 but had some concerns about condition PUBLIC HEALTH-2. Mr. Rubenstein suggested deleting this condition because the issue is maintaining cooling water flow and biocide levels and these are not impacted when a cooling tower fan is shut down. Staff agreed to research this issue and if true, would agree to delete condition PUBLIC HEALTH-2.

There were no additional comments from the public or intervenors.

HAZARDOUS MATERIALS RESPONSES

The applicant stated it had only a few concerns and suggestions.

As brought up earlier under Traffic and Transportation, the applicant asked that proposed condition HAZ-11 be reconciled with the Traffic and Transportation proposed condition regarding transport of hazardous materials to the facility during school hours. Dr. Greenberg explained the basis for HAZ-11 and agreed to discuss the matter with CEC staff Jim Adams.

Regarding proposed condition HAZ-5, the applicant asked for the basis of the 100-foot separation of the sulfuric acid tank from combustibles and flammables. The cooling towers would contain some combustible materials, albeit of very low combustibility, and the towers would be within the 100-foot limit. Dr. Greenberg explained the basis and agreed that the cooling towers would not pose a threat of fire. Thus, in order to allow placement of the sulfuric acid tank as proposed, staff will remove the term "combustibles" from condition HAZ-5.

The applicant also stated concerns about proposed condition HAZ-9 regarding the prohibition on storing combustible or flammable material within 100 feet of the hydrogen cylinders, noting that NFPA 50A requires only 50 feet. Dr. Greenberg agreed to look into NFPA 50A and if they are correct, will revise HAZ-9 to reflect 50 feet.

There were no additional comments from the public or intervenors.

ADDITIONAL AGENCY COMMENT

John Yee, representing the SCAQMD, attended the workshop on August 26, 2002. Mr. Kennedy inquired as to when the Final Determination of Compliance (FDOC) would be issued. Mr. Yee noted that comments were expected soon from the EPA (they were subsequently issued on September 5, 2002), and that, depending on the timing and scope of the comments, SCAQMD anticipated that the FDOC might be available in approximately six weeks.

Jim Henderson, representing the Riverside County Integrated Project (RCIP), attended the workshop and explained that the RCIP included the development of a new Riverside County General Plan, the creation of Habitat Conservation Plan areas, and development of four new transportation corridors. One proposed alternate corridor would bisect the northern half of the IEEC site. Mr. Henderson noted that the route selection process was currently underway, and that a Draft Environmental Impact Statement/Report (DEIS/R) was released for public review on July 17, 2002. Staff received a copy of this document and will address the information as appropriate in the FSA.

ADDITIONAL PUBLIC COMMENT

Written public comments were received from Bettie McCollum, a resident of Homeland. Her comments are summarized as follows:

Air Quality : Ms. McCollum commented that any future staff at IEEC should be properly trained and qualified to operate all on-site equipment to prevent any escape of substances into the air. A follow up call was placed on September 5, 2002 to clarify her comments; Ms. McCollum's comments are specific to the delivery and transfer of aqueous ammonia for use in the SCR emissions control system.

Traffic: Ms. McCollum feels that Ethanac Road should have a traffic signal or at least a stop sign at Antelope Road. In addition, she felt that Ethanac Road should also be widened where it crosses the railroad tracks at Antelope Road.

Hazardous Materials: Ms. McCollum, responding to the discussion of hazardous materials delivery times, felt that that deliveries would be safer if they occurred during daylight hours.

INLAND EMPIRE ENERGY CENTER PROJECT AUGUST 14 AND 26, 2002

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